



April 26, 2012

Sophie L. Escobar, Assistant Director of Economic Development
City of Victorville
14343 Civic Drive
Victorville, CA 92392

Dear Ms. Escobar:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Victorville (City) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the period January through June 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Page 1, items 3 and 10 – Cooperative agreement and loan totaling \$6.9 million. The Agency was not identified as a party to the contracts and therefore, these line items are not an EO of the Agency.
- Page 1, items 7, 8, and 12; page 2, items 90 and 91 – Various projects totaling \$4.2 million. No contracts have been executed for the anticipated projects. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.
- Page 1, item 11 – Loan agreement totaling \$582,811 from the Bear Valley Road Low and Moderate Income Housing Fund without a repayment schedule. HSC section 34167 (d) (2) states moneys borrowed by the RDA from the Low and Moderate Income Housing Fund must have an established repayment schedule.
- Page 3, item 19 – 20 percent estimated housing set-aside totaling \$535,134. HSC section 34177 (d) states that unencumbered balances of redevelopment agency funds must be remitted to the county auditor-controller for distribution to the taxing entities, including, but not limited to, the unencumbered balance of the Low and Moderate Income Housing Fund of a former redevelopment.


As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Ms. Escobar
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Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive style with a large initial "M".

MARK HILL
Program Budget Manager

cc: Mr. Larry Walker, Auditor Controller, San Bernardino County
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County
Ms. Linda Santillano, Supervising Accountant, San Bernardino County
Ms. Franz Zyss, Accountant III, San Bernardino County